



STATE OF DELAWARE
DEPARTMENT OF FINANCE
DIVISION OF REVENUE
CARVEL STATE BUILDING
820 N. FRENCH STREET
P.O. Box 8763
WILMINGTON, DELAWARE 19899-8763

DIVISION OF REVENUE

TECHNICAL INFORMATION MEMORANDUM 2001-6

DATE: November 7, 2001

SUBJECT: Form 700, Delaware Income Tax Credit Schedule

CONTACT: Ron Kaminski, (302) 577-8445, rkaminski@state.de.us

The purpose of this TIM is to describe the filing requirements of Form 700 for claiming Delaware Income Tax Credits pursuant to Title 30 of the Delaware Code.

Title 30 of the Delaware Code has available seven different credits to be possibly applied against Delaware income tax. The income tax credits that are available are the Economic Development, Green Industries, Research & Development, Land & Historic Resource Conservation, Historic Property Preservation, Travelink Traffic Mitigation and Neighborhood Assistance tax credits. All of the tax credits are available for a qualified C corporation. The Economic Development, Green Industries, Land & Historic Resource Conservation and Historic Property Preservation income tax credits are available for a qualified resident and non resident individual and a qualified estate or trust.

Becoming a qualified entity, eligible for any of the seven income tax credits, requires pre-approval by the following responsible State agencies. Delaware income tax credits claimed on Delaware Form 700 can only be claimed by a qualified and approved Delaware income taxpayer.

ECONOMIC DEVELOPMENT CREDITS: The applicant must file Delaware Form 402AP with the Delaware Division of Revenue. **Contact Person:** Steve Seidel, 302-577-8455, sseidel@state.de.us.

GREEN INDUSTRIES CREDITS: The applicant must contact the Delaware Economic Development Office. **Contact Person:** Rob Propes, 302-577-8708, rpropes@state.de.us.

RESEARCH & DEVELOPMENT CREDITS: The applicant must file Delaware Form 2070AC with the Delaware Division of Revenue. **Contact Person:** Steve Seidel, 302-577-8455, sseidel@state.de.us.

LAND & HISTORIC RESOURCE CONSERVATION CREDITS: The applicant must file Delaware Form 1801AC with the Delaware Division of Revenue. **Contact Person:** Ronald Kaminski, 302-577-8445, rkaminski@state.de.us.

HISTORIC PROPERTY PRESERVATION CREDITS: The applicant must file Delaware Form 1811AC with the Delaware Division of Revenue. **Contact Person:** Ronald Kaminski, 302-577-8445, rkaminski@state.de.us.

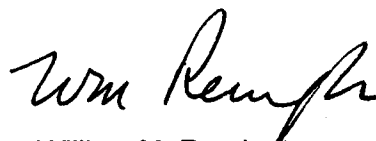
TRAVELINK TRAFFIC MITIGATION CREDITS: The applicant must contact the Delaware Department of Transportation. **Contact Person:** Daniel LaCombe, 302-760-2161, Dlacombe@mail.dot.state.de.us.

NEIGHBORHOOD ASSISTANCE CREDITS: The applicant must contact the Delaware Division of Revenue.
Contact Person: Ronald Kaminski, 302-577-8445, rkaminski@state.de.us.

Delaware Form 700 must be completed and attached to the Delaware income tax return of the entity/person approved for the Delaware income tax credits and the entity/person actually offsetting their Delaware income tax liability against the available approved income tax credits. A qualified C corporation, Sole Proprietor/Individual or Decedent Estate will complete Form 700 and claim the credit directly on their respective Delaware income tax return.

A qualified Partnership, S corporation or Fiduciary will not directly claim the Delaware income tax credits, but are required to attach Delaware Form 700 to their Delaware income tax return to display the type and amount of credits that have been approved and are available to the entity. These entities are classified as pass through entities. The partners, shareholders or beneficiaries will be required to file Delaware Form 700 with their individual Delaware personal income tax return and claim a percentage of the total credit approved for the pass through entity based upon their percentage ownership in the pass through entity.

For more information about these regulations, contact **Ronald A. Kaminski, Business Audit Bureau Manager, State of Delaware Division of Revenue, 820 N. French Street, Wilmington, Delaware 19801** or phone **(302) 577-8445**.



William M. Remington
Director of Revenue

PART A - NAME AND ADDRESS OF TAXPAYER

1. Enter Federal Employer Identification Number or Social Security Number

Tax Period Ending Date
(MM / DD / YY)

Federal Employer Identification Number: 1 -- --

Social Security Number: 2 -- -- --

____ / ____ / ____

2. Name of Taxpayer

PART B - DELAWARE INCOME TAX CREDIT COMPUTATION

ECONOMIC DEVELOPMENT CREDITS

1. Credit carryover from previous year

2. Current year credits approved for a qualified:

(a) C corporation (Enter the total amount of approved current year credit)

(b) S corporation (Multiply total credit by percentage of stockholder ownership)

(c) Partnership (Multiply total credit by percentage ownership of partnership)

(d) Sole Proprietor (Enter the total amount of approved current year credit)

3. Total current year credits (Add Lines 2(a) through 2(d))

4. Total Economic Development Credits (Add Line 1 and Line 3)

GREEN INDUSTRIES CREDITS

5. Credit carryover from previous year

6. Current year credits approved for a qualified:

(a) C corporation (Enter the total amount of approved current year credit)

(b) S corporation (Multiply total credit by percentage of stockholder ownership)

(c) Partnership (Multiply total credit by percentage ownership of partnership)

(d) Sole Proprietor (Enter the total amount of approved current year credit)

7. Total current year credits (Add Lines 6(a) through 6(d))

8. Total Green Industries Credits (Add Line 5 and Line 7)

RESEARCH & DEVELOPMENT CREDITS

9. Credit carryover from previous year

10. Current year credits approved for a qualified:

(a) C corporation (Enter the total amount of approved current year credit)

(b) S corporation (Multiply total credit by percentage of stockholder ownership)

(c) Partnership (Multiply total credit by percentage ownership of partnership)

(d) Sole Proprietor (Enter the total amount of approved current year credit)

11. Total current year credits (Add Lines 10(a) through 10(d))

12. Total Research & Development Credits (Add Line 9 and Line 11)
13. Add Lines 4, 8 and 12
14. Enter 50% of the current year Delaware income tax liability
15. Enter the smaller of Line 13 or Line 14

LAND & HISTORIC RESOURCE CONSERVATION CREDITS

16. Credit carryover from previous year
17. Current year credits approved for a qualified:
- (a) C corporation (Enter the total amount of approved current year credit)
- (b) S corporation (Multiply total credit by percentage of stockholder ownership)
- (c) Partnership (Multiply total credit by percentage ownership of partnership)
- (d) Sole Proprietor (Enter the total amount of approved current year credit)
- (e) Estate/Trust (Multiply total credit by percentage of beneficiary ownership)
- (f) Decedent Estate (Enter the total amount of approved current year credit)
18. Total current year credits (Add Lines 17(a) through 17(f))
19. Total Land & Historic Resource Conservation Credits (Add Line 16 and Line 18)

HISTORIC PRESERVATION CREDITS

20. Credit carryover from previous year
21. Current year credits approved for a qualified:
- (a) C corporation (Enter the total amount of approved current year credit)
- (b) S corporation (Multiply total credit by percentage of stockholder ownership)
- (c) Partnership (Multiply total credit by percentage ownership of partnership)
- (d) Sole Proprietor (Enter the total amount of approved current year credit)
- (e) Estate/Trust (Multiply total credit by percentage of beneficiary ownership)
- (f) Decedent Estate (Enter the total amount of approved current year credit)
22. Total current year credits (Add Lines 21(a) through 21(f))
23. Total Historic Preservation Credits (Add Line 20 and Line 22)

TRAVELINK TRAFFIC MITIGATION CREDITS (Corporate Income Tax Credit Only)

24. Credit carryover from previous year
25. Current year credits approved for a qualified:
- (a) C corporation (Enter the total amount of approved current year credit)
26. Total Travelink Traffic Mitigation Credits (Add Line 24 and Line 25(a))

NEIGHBORHOOD ASSISTANCE TAX CREDITS (Corporate Income Tax Credit Only)

27. Credit carryover from previous year	<input type="text"/>
28. Current year credits approved for a qualified:	
(a) C corporation (Enter the lesser of \$100,000 or 50% of the amount invested in a community-based development program)	<input type="text"/>
29. Total Neighborhood Assistance Credits (Add Line 27 and Line 28(a))	<input type="text"/>
30. Add Lines 19, 23, 26 and 29	<input type="text"/>
31. Enter 100% of the current year Delaware income tax liability	<input type="text"/>
32. Subtract Line 15 from Line 31	<input type="text"/>
33. Enter the smaller of Line 30 or Line 32	<input type="text"/>
34. TOTAL DELAWARE INCOME TAX CREDITS. Add Line 15 and Line 33. (Read the general and specific instructions to determine proper placement of credits on your Delaware income tax return)	<input type="text"/>

SPECIFIC INSTRUCTIONS

Delaware Form 700 must be completed by the person actually claiming the credits on the Delaware income tax return. A qualified and approved C corporation or Sole Proprietor will claim the credit directly on their respective Delaware income tax return. A Partnership or S corporation does not directly claim the Delaware income tax credits because the entities are classified as pass-through entities. The partners of the partnership or the shareholders of the S corporation will be required to file Delaware Form 700 with the individual Delaware personal income tax returns and claim a percentage of the total credit approved for the partnership or S corporation based upon the partner's or shareholder's percentage ownership in the pass-through entity.

Enter the credit carryover and the current year credits on the appropriate lines for the Economic Development, Green Industries and Research & Development credits. Enter the aggregate of the three credits on Line 13. Enter on Line 14 50% of the Delaware income tax liability of the entity actually claiming the credits. Enter on Line 15 the smaller of Line 13 or Line 14. These credits are limited to 50% of the Delaware income tax liability.

Enter the credit carryover and the current year credits on the appropriate lines for the Land & Historic Resource Conservation, Historic Preservation, Travelink Traffic Mitigation and Neighborhood Assistance credits. Enter the aggregate of the four credits on Line 30. Enter on Line 31, 100% of the Delaware income tax liability of the entity actually claiming the credits. Enter on Line 32 the remainder of the Delaware income tax liability not used to claim the Economic Development, Green Industries or Research & Development credits. Enter on Line 33, the smaller of Line 30 or Line 32. These credits are limited to 100% of the Delaware income tax liability. To determine the aggregate of the approved Delaware income tax credits to be claimed during the current year, add Line 15 and Line 33 and enter the result on Line 34. Enter the amount from Line 34 on the appropriate Delaware income tax credit line based upon your filing requirement. **IF THE ENTITY CLAIMING THE DELAWARE INCOME TAX CREDITS IS A:**

1. **C corporation** - Enter the amount from Line 34 on Form 1100, Page 1, Line 17.
2. **S corporation** - Enter the amount from Line 34 on Form 1100S, Schedule A-1, Line 26.
3. **Partnership** - If a resident partner, enter the amount from Line 34 on Form 200-01, Page 1, Line 11.
If a nonresident partner, enter the amount from Line 34 on Form 200-02, Page 1, Line 45.
4. **Resident Individual/Sole Proprietor** - Enter the amount from Line 34 on Form 200-01, Page 1, Line 11.
5. **Nonresident Individual/Sole Proprietor** - Enter the amount from Line 34 on Form 200-02, Page 1, Line 45.
6. **Resident & Nonresident Estate/Trust** - If a resident beneficiary, enter the amount from Line 34 on Form 200-01, Page 1, Line 11. If a nonresident beneficiary, enter the amount from Line 34 on Form 200-02, Page 1, Line 45.
7. **Resident & Nonresident Decedent Estate** - Enter the amount from Line 34 on the appropriate line of Form 900.